

CONTRACT #2
RFS # 309.01-101

Treasury Department

VENDOR:
L.R. Wechsler, Ltd.

MEMORANDUM

TO: The Honorable M. D. Goetz, Jr., Commissioner
Department of Finance and Administration

FROM: Dale Sims, Treasurer
Department of the Treasury

RE: *Noncompetitive Amendment Request – Consulting Services Contract Relative to Technology and Business Process Improvements for the Tennessee Consolidated Retirement System Between the Tennessee Treasury Department and L. R. Wechsler, Ltd.*

BACKGROUND

On October 11, 2006, the Tennessee Treasury Department issued a request for proposals to secure a contract for consulting services for the purpose of analyzing and documenting the existing information technology and business processes for the Tennessee Consolidated Retirement System. The purpose of the analysis is to determine and define what business processes need to be changed and identify the information technology, strategies and/or options that can be utilized to achieve the desired level of functionality and efficiency. The results are to be based on industry "Best Practices". The contractor is to also provide assistance in developing an RFP for soliciting vendors to provide the proposed information technology, strategies and/or options resulting from the analysis. L. R. Wechsler, Ltd. was the successful vendor to provide these services.

I.

DESCRIPTION OF THE PROPOSED ADDITIONAL SERVICE AND AMENDMENT EFFECTS

The Treasury Department has recently found that the RFP was too limiting in the requisite consulting services needed in soliciting and otherwise obtaining the "best-fit" vendors to provide the proposed information technology resulting from the analysis. The Department has since learned that it needs the contractor's expertise in assisting the Department through the remainder of the procurement effort. Specifically, the Department needs the flexibility to require the contractor to attend the pre-proposal conference and assist the Department in providing a project overview based on the contractor's analysis discussed above, and to assist in responding to questions posed by

the prospective vendors at the conference. The Department further needs the flexibility to have the contractor draft for the State's approval the written responses to written comments posed by the prospective vendors during the written comments period. The Department further needs the flexibility to request the contractor to review proposals and provide counsel to the Department's proposal evaluation team as may be needed or desirable to enable the team to effectively evaluate the technical proposals or portions thereof, including the vendor references. The additional services sought are a logical extension of the current services being provided by the contractor.

II.

EXPLANATION OF NEED FOR THE PROPOSED AMENDMENT

As previously indicated above, the RFP in hindsight was too limiting in the requisite consulting services needed. The scope and purpose of the RFP included the contractor's assistance in developing an RFP for soliciting vendors to provide the proposed information technology, strategies and/or options resulting from the analysis conducted by the contractor. However, the Department has since learned that it needs the contractor's expertise in assisting the Department through the remainder of the subject procurement effort. The services sought are a logical extension of the original procurement and resulting contract.

III.

NAME AND ADDRESS OF CONTRACTOR'S PRINCIPAL OWNER(S)

Mr. Leon R. Wechsler
10394 Democracy Lane
Fairfax, Virginia 22030

IV.

**DOCUMENTATION OF OIR ENDORSEMENT OF THE SUBJECT
PROCUREMENT REQUEST (REQUIRED ONLY IF THE SERVICE INVOLVES
INFORMATION TECHNOLOGY)**

Documentation of endorsement attached.

V.

**DOCUMENTATION OF DEPARTMENT OF PERSONNEL ENDORSEMENT OF
THE SUBJECT PROCUREMENT REQUEST (REQUIRED ONLY IF THE
SERVICE INVOLVES TRAINING FOR STATE EMPLOYEES)**

N/A

VI.

DOCUMENTATION OF STATE ARCHITECT ENDORSEMENT (REQUIRED ONLY IF THE SUBJECT SERVICE INVOLVES CONSTRUCTION OR REAL PROPERTY RELATED SERVICES)

N/A

VII.

DESCRIPTION OF PROCURING AGENCY EFFORTS TO IDENTIFY REASONABLE, COMPETITIVE, PROCUREMENT ALTERNATIVES (RATHER THAN TO USE NON-COMPETITIVE NEGOTIATION)

No other logical procurement alternatives are available. The services sought are a logical extension of the original procurement and resulting contract. In hindsight, the services should have been included in the original procurement.

VIII.

JUSTIFICATION OF WHY THE STATE SHOULD APPROVE A NON-COMPETITIVE AMENDMENT

See response to Item I above.

REQUEST: NON-COMPETITIVE AMENDMENT

RECEIVED

JUL 12 2007

FISCAL REVIEW

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #

309.01-101-07

2) State Agency Name :

Tennessee Treasury Department

EXISTING CONTRACT INFORMATION

3) Service Caption :

The Contractor provides consulting services relative to technology and business process improvements for the Tennessee Consolidated Retirement System.

4) Contractor :

L. R. Wechsler, Ltd.

5) Contract #

FA-07-17138-00

6) Contract Start Date :

December 14, 2006

7) Current Contract End Date IF all Options to Extend the Contract are Exercised :

December 13, 2008

8) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :

\$354,375

PROPOSED AMENDMENT INFORMATION

9) Proposed Amendment #

01

10) Proposed Amendment Effective Date :

(attached explanation required if date is < 60 days after F&A receipt)

September 10, 2007

11) Proposed Contract End Date IF all Options to Extend the Contract are Exercised :

December 13, 2008

12) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :

\$434,375

13) Approval Criteria :
(select one)

use of Non-Competitive Negotiation is in the best interest of the state



only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

On October 11, 2006, the Tennessee Treasury Department issued a request for proposals to secure a contract for consulting services for the purpose of analyzing and documenting the existing information technology and business processes for the Tennessee Consolidated Retirement System. The purpose of the analysis is to determine and define what business processes need to be changed and identify the information technology, strategies and/or options that can be utilized to achieve the desired level of functionality and efficiency. The results are to be based on industry "Best Practices". The contractor is to also provide assistance in developing an RFP for soliciting vendors to provide the proposed information technology, strategies and/or options resulting from the

analysis. L. R. Wechsler, Ltd. was the successful vendor to provide these services. The Treasury Department has recently found that the RFP was too limiting in the requisite consulting services needed in soliciting and otherwise obtaining the "best-fit" vendors to provide the proposed information technology resulting from the analysis. The Department has since learned that it needs the contractor's expertise in assisting the Department through the remainder of the procurement effort. Specifically, the Department needs the flexibility to require the contractor to attend the pre-proposal conference and assist the Department in providing a project overview based on the contractor's analysis discussed above, and to assist in responding to questions posed by the prospective vendors at the conference. The Department further needs the flexibility to have the contractor draft for the State's approval the written responses to written comments posed by the prospective vendors during the written comments period. The Department further needs the flexibility to request the contractor to review proposals and provide counsel to the Department's proposal evaluation team as may be needed or desirable to enable the team to effectively evaluate the technical proposals or portions thereof, including the vendor references. The additional services sought are a logical extension of the current services being provided by the contractor.

15) Explanation of Need for the Proposed Amendment :

As stated above, the RFP in hindsight was too limiting in the requisite consulting services needed. The scope and purpose of the RFP included the contractor's assistance in developing an RFP for soliciting vendors to provide the proposed information technology, strategies and/or options resulting from the analysis conducted by the contractor. However, the Department has since learned that it needs the contractor's expertise in assisting the Department through the remainder of the subject procurement effort. The services sought are a logical extension of the original procurement and resulting contract.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Mr. Leon R. Wechsler
10394 Democracy Lane
Fairfax, Virginia 22030

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:

☐

Documentation Not Applicable to this Request

☒

Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:

☒

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:

☒

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

No other logical procurement alternatives are available. The services sought are a logical extension of the original procurement and resulting contract. In hindsight, the services should have been included in the original procurement.

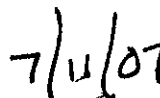
21) Justification for the Proposed Non-Competitive Amendment :

See response to Item 14 above.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)





Agency Head Signature

Date

C O N T R A C T S U M M A R Y S H E E T

060706

RFS #	Contract #
309.01 — 101 — 07	FA — 07-17138-01
State Agency	State Agency Division
Tennessee Treasury Department	Tennessee Consolidated Retirement System
Contractor Name	Contractor ID # (FEIN or SSN)
L. R. Wechsler, Ltd.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 54-1171192

Service Description

The Contractor provides consulting services relative to technology and business process improvements for the Tennessee Consolidated Retirement System.

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
December 14, 2006	December 13, 2008	Vendor	

Mark Each TRUE Statement
☒ Contractor is on STARS

☒ Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
309.01	500	083	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007	\$354,375				\$354,375
2008	\$ 80,000				\$ 80,000
2009	\$ 00.00				\$ 00.00
TOTAL:	\$434,375				\$434,375

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY	State Agency Fiscal Contact & Telephone #
2007	\$354,375		Mary Roberts-Krause, General Counsel 10 th Floor, Andrew Jackson Building 741-8202, extension 104
2008	\$0.00	\$80,000	State Agency Budget Officer Approval
2009	\$0.00	\$0.00	
			Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL:	\$354,375	\$80,000	
End Date:	December 13, 2008	December 13, 2008	

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

☐ African American
 ☐ Person w/ Disability
 ☐ Hispanic
 ☐ Small Business
 ☐ NOT minority/disadvantaged
☐ Asian
 ☐ Female
 ☐ Native American
 ☐ OTHER minority/disadvantaged—

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

☐ RFP
 ☐ Competitive Negotiation
 ☐ Alternative Competitive Method
☐ Non-Competitive Negotiation
 ☐ Negotiation w/ Government (e.g., ID, GG, GU)
 ☐ Other

Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)

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AMENDMENT NUMBER ONE
TO CONTRACT FA-07-17138-00
BETWEEN THE
STATE OF TENNESSEE, TREASURY DEPARTMENT
AND
L. R. WECHSLER, LTD.

This Contract, by and between the State of Tennessee, Treasury Department, hereinafter referred to as the State, and L. R. Wechsler, Ltd., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Add the following as Section A.1.n.:

"n. Post-RFP Development Assistance. Upon the State's issuance of the implementation RFP/RFPs described in Section A.1.h above (hereinafter collectively referred to as "the RFP"), the Contractor shall perform such consulting services as may be requested by the State relative to the remainder of the RFP procurement effort. Such services shall include, but may not be limited to, the following:

- (1) At the State's request, the Contractor shall provide assistance to the State in developing responses to questions or comments received by the State from potential proposers relative to the RFP that are received by the State prior to the pre-proposal conference described in subparagraph (2) below. Said responses shall be provided to the State by no later than the Business Day immediately preceding the conference.
- (2) A pre-proposal conference relative to the RFP will be held at the time and date detailed in the RFP Section 2, Schedule of Events, as may be amended pursuant to said RFP. The Contractor agrees to physically attend such conference at the State's request and to assist the State in discussing the RFP scope of services with potential proposers, and to entertain any questions or comments from such proposers as may be requested by the State. Should the Contractor respond to any such questions or comments during the conference, the Contractor shall emphasize during the conference that the responses are tentative and non-binding with regard to the RFP, and that questions or comments concerning the RFP should be submitted in writing prior to the written comments deadline date detailed in the RFP Section 2, Schedule of Events in order for the responses to be considered official.
- (3) At the State's request, the Contractor shall assist the State in developing and drafting the State's written comments to any questions, comments and requests for clarification received by the State from potential proposers during the written comments period as detailed in the RFP Section 2, Schedule of Events, as may be amended pursuant to said RFP. The Contractor shall provide such draft to the State by no later than five (5) Business days prior to the date on which the State's written comments are due as detailed in the RFP Section 2, Schedule of Events, as may be amended pursuant to the RFP. The State has the right to determine, at its sole discretion, the appropriate and adequate responses to written comments, questions, and requests for clarification.
- (4) The Contractor shall, at the State's request, review each technical proposal received by the State in response to the RFP for the purpose of assisting the State in determining whether each technical proposal appropriately addresses/meets all of the requirements detailed in the Technical Proposal and Evaluation Guide (RFP Attachment 6.3) and otherwise complies with all of the terms of the RFP. If the Contractor determines that a specific section or sections of a proposal warrants clarification, the Contractor shall, at the State's request, compile a written list of questions or requests for clarification for the State's consideration in forwarding to the proposer in question. Said list(s) shall be provided to the State within such time frame as shall be mutually agreed to be the parties.

- (5) Upon the State's receipt of the proposers' responses to questions or requests for clarifications made pursuant to subparagraph (4) above, the Contractor shall, at the State's request, review the responses with the State to determine whether the responses warrant further clarification. If it is determined by the State that further clarification is warranted, the Contractor shall, at the State's request, compile a written list of questions or requests for clarification for the State's consideration in forwarding to the proposer in question. Said list(s) shall be provided to the State within such time frame as shall be mutually agreed to be the parties.
- (6) At the State's request, the Contractor shall provide counsel to the State's proposal evaluation team as may be needed or desirable to enable the team to effectively evaluate the technical proposals or portions thereof, including the customer and/or vendor references. The Contractor shall, upon the State's request, contact any customer and/or vendor reference as may be necessary or desirable to obtain further clarification or elaboration on the reference given. It is understood and agreed by the parties that only the State's proposal evaluation team members are permitted to score the proposals. The parties acknowledge and agree that any input of the Contractor under this subparagraph (6) must be limited to reporting advice and conclusions to the team for evaluation consideration. Any such advice or conclusions must be documented in writing by the Contractor for the RFP procurement file.
- (7) After the Evaluation Notice detailed in the RFP Section 2, Schedule of Events (as may be amended pursuant to said RFP) is issued, the Contractor shall at the State's request assist the State in conducting an in-depth validation of the apparent best-evaluated proposer. Such services may entail preparing for, attending, and facilitating a two (2) day vendor validation at the State's facilities that will provide demonstration scenarios to ensure that the capabilities of the products and services proposed by the apparent best-evaluated proposer responds to the State's specific requirements. By no later than two (2) Business Days after the vendor validation, the Contractor shall provide to the State a list of recommendations to address and/or mitigate vendor deficiencies, if any.
- (8) If the vendor validation under subparagraph (7) results in the State's determination that the apparent best-evaluated proposer cannot provide the capabilities proposed by that proposer to meet the State's specific requirements as stated in the RFP, the Contractor shall, at the State's request, assist the State in conducting an in-depth validation of the next best apparent evaluated proposer as provided in subparagraph (7) above.
- (9) Notwithstanding any provision of this Section A.1.n, the State may, at its sole discretion, extend the time for the delivery or performance of any service required by the Contractor under this Section A.1.n.

2. Delete Section C.1 in its entirety and insert the following in its place:

"C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed four hundred thirty-four thousand three hundred seventy-five dollars (\$434,375). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

3. Delete Section C.1 in its entirety and insert the following in its place:

"C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:

<u>SERVICE UNIT/MILESTONE</u>	<u>AMOUNT</u>
Identify, Review, and Document Current Business Processes and Workflows as detailed in Section A.1.a	\$74,250
Identify and Document Areas for Improvement and Reengineering as detailed in Section A.1.b	\$33,075
Identify, Review, and Document Current Information Technology as detailed in Section A.1.c	\$32,850
Implementation Strategy Considerations as detailed in Section A.1.d	\$38,250
Identify and Document Challenges and Opportunities for New Integrated Retirement Administration System as detailed A.1.e	\$27,675
Identify and Document Requirements for Implementing New Integrated Retirement Administration System as detailed A.1.f	\$59,400
Identify and Document Quantitative Technical Issues as detailed A.1.g	\$11,250
Develop and Provide Implementation RFP as detailed A.1.h	\$22,500
Identify and Document List of Potential Vendors as detailed A.1.i	\$11,025
Risk Analysis and Mitigation as detailed in Section as detailed A.1.j	\$9,000
Budget Estimate as detailed in Section A.1.k	\$7,200
High Level Project Plan as detailed in Section A.1.l	\$7,200
Cost Benefit Analysis as detailed in Section A.1.m	\$20,700
Post-RFP Development Assistance as detailed in Section A.1.n	\$225 per hour, up to an aggregate total maximum amount of \$80,000 for all services detailed in Section A.1.n.

For Post-RFP Development Assistance services (item fourteen above), the Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours

worked during the period, the hourly rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced. It is acknowledged and agreed that the total amount of compensation payable to the Contractor for performing Post-RFP Development Assistance services under Section A.1.n shall not exceed a total aggregate amount of \$80,000 regardless of the number of hours worked. The Contractor shall not be compensated for travel time to the primary location of service provision.

For all other services, the Contractor shall submit an invoice only upon completion of the entire service unit/milestone as defined above. Such invoice shall be in form and substance acceptable to the State with all of the necessary supporting documentation prior to any payment, and shall be submitted for seventy percent (70%) of the stipulated amount of compensation for the completed service milestone subject to Section C.8."

4. Delete Section C.8 in its entirety and insert the following in its place:

"C.8. Retention of Final Payment. An amount of thirty percent (30%) from each service milestone service rate amount in items one through thirteen of Section C.3 above shall be withheld by the State until after final completion of the services to be performed by the Contractor under Sections A.1.a – A.1.m hereof. Such amount in total shall not exceed one hundred six thousand three hundred twelve dollars and fifty cents (\$106,312.50), representing thirty percent (30%) of the maximum total compensation payable under this Contract for the service unit/milestones under Sections A.1.a – A.1.m hereof. Notwithstanding the foregoing, if the State cancels this Contract for convenience under Section D.3 or for lack of appropriations or availability of funding under Section E.3 of this Contract, the State shall pay the Contractor the thirty percent (30%) withheld on each milestone (deliverable) that has been satisfactorily completed, i.e., accepted by the State in writing pursuant to Section A.2 of this Contract."

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

L. R. WECHSLER, LTD.:

BY: _____
(SIGNATURE) _____

(TYPED OR PRINTED NAME AND TITLE)

DATE _____

DEPARTMENT OF TREASURY:

BY: _____
DALE SIMS, TREASURER _____
DATE _____

APPROVED:
DEPARTMENT OF FINANCE AND ADMINISTRATION:

BY: _____
M. D. GOETZ, JR., COMMISSIONER _____
DATE _____

COMPTROLLER OF THE TREASURY

BY: _____
JOHN G. MORGAN, COMPTROLLER

DATE

CONTRACT SUMMARY SHEET

060706

RFS #	Contract #
309.01 — 101 — 07	FA — 07-17138-00
State Agency	State Agency Division
Tennessee Treasury Department	Tennessee Consolidated Retirement System
Contractor Name	Contractor ID # (FEIN or SSN)
L. R. Wechsler, Ltd.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 54-1171192

Service Description

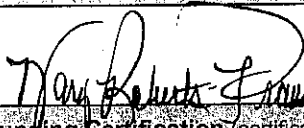
The Contractor will provide consulting services relative to technology and business process improvements for the Tennessee Consolidated Retirement System.

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
December 14, 2006	December 13, 2008	Vendor	

Mark Each TRUE Statement
☒ Contractor is on STARS

☒ Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
309.01	500	083	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007	\$354,375				\$354,375
2008	\$00.00				\$00.00
2009	\$00.00				\$00.00
TOTAL:	\$354,375				\$354,375

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Mary Roberts-Krause, General Counsel 10 th Floor, Andrew Jackson Building 741-8202, extension 104 State Agency Budget Officer Approval  Funding Certification (certification required by T.G.A., §9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL:			
End Date:			

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

☐ African American
 ☐ Person w/ Disability
 ☐ Hispanic
 ☐ Small Business
 ☒ NOT minority/disadvantaged
☐ Asian
☐ Female
☐ Native American
☐ OTHER minority/disadvantaged—

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

☒ RFP
☐ Competitive Negotiation
☐ Alternative Competitive Method
☐ Non-Competitive Negotiation
☐ Negotiation w/ Government (e.g., ID, GG, GU)
☐ Other

Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)

JAN 10